

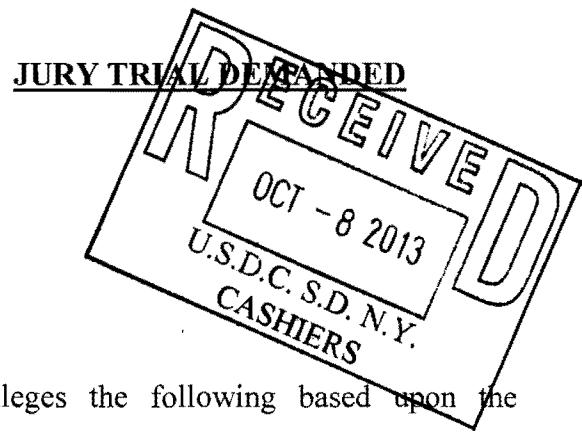
**13 CIV 7132**

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

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BENYAMIN KOHANIM, Individually and on Behalf of All Others Similarly Situated,	:	Civil Action No.:
	:	
Plaintiff(s),	:	<b>CLASS ACTION COMPLAINT FOR VIOLATIONS OF FEDERAL SECURITIES LAWS</b>
v.	:	
	:	
BLACKBERRY LIMITED (formerly known as RESEARCH IN MOTION LIMITED),	:	
THORSTEN HEINS and BRIAN BIDULKA,	:	
Defendants.	:	

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Plaintiff, Benyamin Kohanim ("Plaintiff"), alleges the following based upon the investigation of Plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by BlackBerry Limited ("BlackBerry" or the "Company")<sup>1</sup>, securities analysts' reports advisories about the Company, press releases and other public statements issued by the Company and its executives, and media reports about BlackBerry. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE OF THE ACTION**

1. This is a securities class action brought on behalf of the purchasers of BlackBerry common stock between September 27, 2012 and September 19, 2013, both dates inclusive, (the "Class Period"), against BlackBerry and certain of its officers and/or directors (collectively,

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<sup>1</sup> On July 10, 2013 the Company changed its name from Research in Motion Limited ("RIM") to BlackBerry Limited

“Defendants”) for violations of the Securities and Exchange Act of 1934 (the “Exchange Act”). The claims asserted herein arise from Defendants’ publicly issued materially false and/or misleading during the Class Period.

2. BlackBerry is a designer, manufacturer and marketer of wireless solutions for the worldwide mobile communications market. The Company provides platforms and solutions for access to email, voicemail, instant messaging, short message service, Internet and Intranet-based applications, and browsing through the development of integrated hardware, software, and services.

3. As alleged herein, Defendants published a series of materially false and misleading statements during the Class ‘Period that Defendants knew and/or recklessly disregarded were materially false and misleading at the time of publication, and that omitted to reveal material information necessary to make Defendants’ statements, in light of such omissions, not materially false and misleading. Specifically, the Company failed to inform investors that, contrary to Defendants’ statements touting the Company’s new BlackBerry 10 line of smart phones and the financial strength of BlackBerry, the Company was not on the road to recovery and re-emerging as a lead player in the wireless communications industry. In reality, the BlackBerry 10 was not well-received by the market, and the Company was forced to write down a nearly **\$1 billion charge** related to unsold BlackBerry 10 devices and layoff approximately 4,500 employees, **totaling approximately 40% of its total workforce**.

4. Through Class Period filings Defendants were able to, among other things, (a) deceive the investing public regarding the BlackBerry 10 smartphone driving the recovery and revitalization of BlackBerry (b) deceive the investing public regarding BlackBerry’s business, operations, management, future business prospects, and the intrinsic value of BlackBerry

common stock; and (c) cause Plaintiff and other members of the Class to purchase BlackBerry common stock at artificially inflated prices.

5. It was not until September 20, 2013 that the Company announced the true state of BlackBerry, its charges and layoffs, stating, in part, as follows:

*Waterloo, ON - BlackBerry Limited (NASDAQ:BBRY; TSX:BB), a world leader in the mobile communications market, today announced certain preliminary financial results for the three months ended August 31, 2013 and provided an update on business operations.*

\* \* \*

*[The Company] expects to report a primarily non-cash, pre-tax charge against inventory and supply commitments in the second quarter of approximately \$930 million to \$960 million, which is primarily attributable to BlackBerry Z10 devices.*

*The current quarter will also include a pre-tax restructuring charge in the approximate amount of \$72 million reflecting ongoing cost efficiency initiatives.*

\* \* \*

As part of the Company's focus on enhancing its financial results, and in response to the increasing competition in the smartphone market, BlackBerry also announced plans to transition its future smartphone portfolio from six devices to four. The portfolio will focus on enterprise and prosumer-centric targeted devices, including 2 high-end devices and 2 entry-level devices in all-touch and QWERTY models. With the launch of the BlackBerry Z30 - the next generation high-tier smartphone built on the BlackBerry 10 platform -- this week, the Company will re-tier the BlackBerry Z10 smartphone to make it available to a broader, entry-level audience. At the same time, the Special Committee of the Company's Board of Directors continues to evaluate all strategic alternatives for the Company.

Furthermore, the Company also announced that it is targeting an approximate 50% reduction in operating expenditures by the end of the first quarter of Fiscal 2015. *As part of this, BlackBerry will implement a workforce reduction of approximately 4,500 positions or approximately 40% of the Company's global workforce resulting in a total workforce of approximately 7,000 full-time global employees.*

Thorsten Heins, President and Chief Executive Officer of BlackBerry said, "We are implementing the difficult, but necessary operational changes

announced today to address our position in a maturing and more competitive industry, and to drive the company toward profitability. Going forward, we plan to refocus our offering on our end-to-end solution of hardware, software and services for enterprises and the productive, professional end user. This puts us squarely on target with the customers that helped build BlackBerry into the leading brand today for enterprise security, manageability and reliability.”

[Emphasis added.]

6. As a result of the revelation of previously undisclosed true facts, BlackBerry stock plummeted from a closing price of \$10.52 per share on September 19, 2013 to a close of \$8.73 per share on September 20, 2013, after experiencing an intra-day low of \$8.19, on heavy trading volume. The value of BlackBerry stock continued to slide on heavy trading volume over the next few days as investors digested the bad news, and closed at \$8.01 on September 25, 2013.

#### **JURISDICTION AND VENUE**

7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the United States Securities and Exchange Commission (“SEC”) [17 C.F.R. §240.10b-5].

8. This Court has jurisdiction over the subject matter of this action pursuant to §28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). The violations of law complained of herein occurred in part in the District, including the dissemination of materially false and misleading statements into this District. BlackBerry maintains its principal place of business at 295 Phillip Street, Waterloo, Ontario, Canada.

10. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

**PARTIES**

11. Plaintiff as set forth in the accompanying certification, incorporated herein by reference, purchased Blackberry common stock at an artificially inflated price during the Class Period, and was harmed when the price of BlackBerry stock dropped as a result of the revelations of the truth at the end of the Class Period.

12. Defendant Blackberry is incorporated under the laws of Canada, maintaining its principal place of business 95 Phillip Street, Waterloo, Ontario, Canada, N2L 3W8. As explained above, BlackBerry is a designer, manufacturer and marketer of wireless solutions, through the development of integrated hardware, software, and services.

13. Defendant Thorsten Heins (“Heins”) is and was, during the Class Period, the Chief Executive Officer (“CEO”) and President of BlackBerry. Heins has also served as a member of the Board of Directors since January 2012. Heins personally certified all financial reports during the Class Period.

14. Defendant Brian Bidulka (“Bidulka”) is and was, during the Class Period, Chief Financial Officer (“CFO”) of BlackBerry. Bidulka personally certified all financial reports during the Class Period.

15. Collectively and throughout his Complaint, BlackBerry, Heins and Bidulka are referred to as “Defendants.”

**MATERIALLY UNTRUE & MATERIALLY MISLEADING STATEMENTS AND/OR OMISSIONS DURING THE CLASS PERIOD**

16. On September 27, 2012, the inception of the Class Period, BlackBerry issued a press release announcing its second quarter fiscal 2013 results. The report included a quote from Defendant Heins:

“Despite the significant changes we’re implementing across the organization, *our second quarter results demonstrate that RIM is progressing on its financial and operational commitments during this major transition,*” said Thorsten Heins, President and CEO. “*Subscribers grew to approximately 80 million global users, revenue grew sequentially from the first quarter, cash, cash equivalents, short-term and long-term investments increased by approximately \$100 million to \$2.3 billion, and carriers and developers are responding well to previews of our upcoming BlackBerry 10 platform.* Make no mistake about it, we understand that we have much more work to do, but *we are making the organizational changes to drive improvements cross the company,* our employees are committed and motivated, and BlackBerry 10 is on track to launch in the first calendar quarter of 2013.”

[Emphasis added.]

17. The statements made by Defendant Heins contained in the Company’s September 27, 2012 press release were materially false and misleading when made because Defendants knowingly and/or recklessly misrepresented that the changes made by BlackBerry, particularly with regard to BlackBerry 10, would “drive improvements across the Company.”

18. The Company also held a conference call on September 27, 2012, in which Defendant Heins made the following comments regarding BlackBerry:

- “RIM continues to be a financially strong company, and we’re executing and delivering on our commitments.”
- “At the heart of the BlackBerry user experience is a keyboard our customers can type on. The BlackBerry keyboard has always been the best in the industry. And with BlackBerry 10, it just keeps getting better.”
- “We are in the midst of building a leaner and stronger organization.”

- “With approximately 80 million subscribers and upcoming launch of the new and unique mobile computing platform and unmatched reputation for security and growing support for BlackBerry 10 from carriers and developers, companies I meet with understand that RIM remains a strong, innovative and relevant player in the mobile computing world.”

19. The foregoing statements on Defendant Heins were materially false and misleading when made because Defendant knowingly and/or recklessly misrepresented that BlackBerry 10 would be a successful device that would revitalize the Company, and that BlackBerry was “financially strong.”

20. The next day, on September 28, 2012, BlackBerry filed a 6-K with its consolidated financial statements, which, among other things, discussed the Company’s “Cost Optimization and Resource Efficiency (“CORE”) Program:

In March 2012, the Company commenced the CORE program with the objective of improving the Company’s operations and increasing efficiency. The program includes, among other things, the streamlining of the BlackBerry smartphone product portfolio, the optimization of the Company’s global manufacturing footprint, the outsourcing of global repair services, the alignment of the Company’s sales and marketing teams and a reduction in the number of layers of management. *The Company is currently targeting the CORE program to drive at least \$1.0 billion in savings by the end of fiscal 2013 based on RIM’s fourth quarter offiscal2012 run rate.*

[Emphasis added.]

21. The 6-K also included a section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in which the Company further discussed the CORE program:

The Company is currently targeting the CORE program to drive at least \$1.0 billion in savings by the end of fiscal 2013 based on RIM’s fourth quarter of fiscal 2012 run rate. To date, the Company has launched CORE-related actions that it expects will result in savings of approximately \$800 million of this target, of which approximately \$350 million has already been realized in the first six months of this fiscal year.

22. The “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section also discussed the Company’s operations and positioning for the future:

*The Company is in the ongoing press of completing the largest platform and organizational transition in its history, with a view to better position the Company to achieve growth and to continue to be a leading company in the wireless communications industry.* The Company’s second quarter results reflect the product and platform transition underway, ongoing market challenges and the competitive dynamics across many markets.

[Emphasis added.]

23. The Company also stated in the 6-K that: “*RIM expects that the anticipated launch of BlackBerry 10 smart phones in the first quarter of calendar 2013 will strengthen its position in the BYOD [bring your own device] enterprise segment and the Company will also continue to seek partnerships that will further enable RIM to have a complete BYOD offering.*” [Emphasis added].

24. Defendants’ statements in the September 28, 2012 6-K were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that BlackBerry 10 would “strengthen its position,” and that the CORE program delivered meaningful cost savings to the Company.

25. On December 11, 2012, BlackBerry issued a press release filed the next day on Form 6-K emphasizing growing interest around BlackBerry 10 and the Company’s improved outlook:

#### **Developer Interest Growing**

*With the BlackBerry 10 launch event less than two months away, developer interest and excitement for the BlackBerry 10 platform continues to grow.* Top application developers have already committed to BlackBerry 10 in key categories including games, multimedia, business and productivity, published media and social networking. For example, at the recent BlackBerry Jam Asia conference in Bangkok, RIM showcased

over 70 new top application partners and demoed several on the BlackBerry 10 platform including apps from Fox Sports, MTV India, Picstory, Viki Video, and Hot Remit.

*Over the past few months, developer outlook toward RIM has improved broadly and significantly.* According to a recent Pivot Point Research survey commissioned by RIM\*, 58% of developers surveyed would recommend BlackBerry 10 as a development platform, a 123% increase from May to October, 2012. The survey also found a steady increase in satisfaction with the BlackBerry 10 platform among developers, growing by 56% over the same period.

“We have been actively engaged with developers from around the world for many months and as we near the final weeks toward the launch of BlackBerry 10, the growing dedication and commitment we see from our developer community is truly outstanding,” said Alec Saunders, Vice President, Developer Relations and Ecosystems at Research In Motion. “The focus we have had on building a true developer ecosystem and community is clearly working.”

[Emphasis added.]

26. Defendants’ statements in the December 11, 2012 press release were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented the extent of developer interest and outlook towards BlackBerry and BlackBerry 10.

27. Then, on December 20, 2012, BlackBerry issued a press release also filed on Form 6-K with the SEC the next day announcing that the Company had reported its third quarter fiscal 2013 financial results. The press release quoted CEO Heins:

*“RIM continued to execute on its product roadmap plans and to deliver on key financial metrics as it gets set for the global launch of BlackBerry 10,”* said Thorsten Heins, President and CEO. *“During the third quarter, we continued to demonstrate our strong financial position,* generating \$950 million in cash flow from operations, and increasing our cash position significantly to more than \$2.9 billion. More than 150 carriers are currently completing technical acceptance programs for the first BlackBerry 10 products, and beta trials of BlackBerry Enterprise Service 10 are underway at more than 120 enterprises including 64 Fortune 500 companies. This is exciting time and our carrier partners,

application developers and employees are all looking forward to unveiling the innovation and excitement of BlackBerry 10 to our customers on January 30, 2013.”

[Emphasis added.]

28. Defendant Heins’ statements in the December 20, 2012 press release were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented the financial strength of BlackBerry and that the Company was on a path to recovery.

29. The Company also held an earnings call on December 20, 2012, on which Defendant Heins made the following statements regarding BlackBerry:

- “Q3 result continued to reflect the successful transition the company is making as it moves toward the launch event for our BlackBerry 10 mobile computing platform on January 30. We sold just under 7 million smartphones this quarter and generated revenue of \$2.7 billion. Gross margin strengthened, cash flow was strong and our cash position increased significantly. We continued to deliver a very strong cash flow from operations and maintained a very strong balance sheet at quarter end. Cash grew by more than \$600 million in the quarter to \$2.9 billion, even after the funding of all of our restructuring activities.”
- “We are now nearing the end of our headcount reduction.”
- “While our customers, partners and employees are very excited about our BlackBerry 10 launch, I also want to be clear that the management team remains laser-focused on continuing to make the necessary changes to return the company back to stable profitability. We’ve made great progress in the past month in demonstrating our financial strength, with cash growing to \$2.9 billion, and we will continue to implement plans and make decisions and changes that allow us to demonstrate steady progress as we work back towards profitability. We are committed to an amazing launch for BlackBerry 10 and we, in conjunction with our carrier partners, will be showcasing the redesigned innovation of reengineered, reinvented BlackBerry to the world. We have demonstrated how efficiently we have been able to convert working capital into cash as we become a leaner organization over the past few months, and we are now in a very strong position to reinvest into our launch and into our new platform, which I know Frank Boulben and his market team will do an amazing job with.”
- “[W]e believe the company has stabilized and will turn the corner in the next year.”

30. The foregoing statements made by Defendant Heins' in the December 20, 2012 earnings call were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that a) the Company was in a "successful transition"; b) that the Company was nearing end of its headcount reduction, as more layoffs were on the horizon; and c) that the Company was stable and on the path to recovery.

31. On December 21, 2012, BlackBerry filed a Form 6-K reporting its third quarter fiscal 2013 financial results. In the section entitled, Management's Discussion and Analysis of Financial Condition and Results of Operations," the Company stated, "***RIM continues to expect that the launch of BlackBerry 10 smartphones, in respect of which the launch event is expected to occur on January 30, 2013, will strengthen its position in the BYOD enterprise market and the Company will also continue to seek partnerships that will further enable RIM to have a complete BYOD offering.***" [Emphasis added].

32. Furthermore, the 6-K Reviewed the Company's operations and strategy going forward:

***The Company is in the ongoing progress of completing the largest platform and organizational transition in its history, with a view to better position the Company to achieve growth and to continue to be a leading company in the wireless communications industry. The Company's third quarter results reflect the product and platform transition underway, ongoing market challenges and the competitive dynamics across many markets.***

\* \* \*

***The Company plans to exit this transition as a leaner and more nimble organization that can act quickly and is aligned with RIM's growth opportunities.***

[Emphasis added.]

33. The December 21, 2012 6-K also stated:

*RIM expects that the launch of BlackBerry 10 smart phones, in respect of which the launch event is expected to occur on January 30, 2013, will strengthen its position in the BYOD enterprise segment and the Company will also continue to seek partnerships that will further enable RIM to have a complete BYOD offering.*

[Emphasis added.]

34. Defendants also reiterated that “*the Company is in the process of completing the largest platform and organizational transition in its history, with a view to better position the Company to achieve growth and to continue to be a leading company in the wireless communications industry. As part of the ongoing efforts, the Company is also re-evaluating its product portfolio, operations, manufacturing and research and development strategy.*”

[Emphasis added.]

35. Defendants’ statements in the December 21, 2012 6-K were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that BlackBerry 10 would “strengthen its position” and lead to a re-emergence in the wireless communications industry.

36. Shortly after BlackBerry 10’s official launch in January 2013, Defendant Heins offered the following statement on behalf of BlackBerry, which was submitted to the SEC on Form 6-K on February 6, 2013:

“In Canada, yesterday was the best day ever for the first day of a launch of a new BlackBerry smartphone. In fact, it was more than 50% better than any other launch day in our history in Canada,” said Thorsten Heins, President & CEO of BlackBerry. “In the UK, we have seen close to three times our best performance ever for the first week of sales for a BlackBerry smartphone.”

37. The foregoing statements made by Defendant Heins’ in the February 6, 2013 6-K were materially false and misleading when made because, among other things, Defendants

knowingly and/or recklessly misrepresented the sales success of the BlackBerry 10 and its impact on the growth of the Company.

38. On March 13, 2013, BlackBerry filed another press release on Form 6-K again emphasizing consumer interest in BlackBerry 10 smartphones. The Company stated:

*Largest ever single purchase order in BlackBerry's history*

WATERLOO, ONTARIO – BlackBerry(R) (NASDAQ:BBRY)(TSX:BB) announced today that one of its established partners has placed an order for one million BlackBerry 10 smartphones with shipments starting immediately. This order marks the largest ever single purchase order in BlackBerry's history.

"An order for one million devices is a tremendous vote of confidence in BlackBerry 10," said Rick Costanzo, EVP Global Sales, BlackBerry. "Consumers are ready for a new user experience, and BlackBerry 10 delivers. With strong partner support, coupled with this truly re-invented new platform, we have a powerful recipe for success."

39. Defendants' statements made in the March 13, 2013 6-K were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented the sales success of the BlackBerry 10 and its impact on the growth of the Company.

40. On March 28, 2013, BlackBerry filed its Annual Information Form with the SEC on Form 40-F. In the Annual Information Form, BlackBerry informed investors of the state of the Company and its direction as follows:

**Successfully transitioning to BlackBerry 10, the Company's next generation BlackBerry platform.**

*The Company is focused on building upon its successful BlackBerry 10 introduction and establishing the BlackBerry 10 platform amongst the top 3 mobile platforms. The launch of BlackBerry 10 in January 2013 marked the beginning of the organization's transition to becoming a leading mobile computing organization.* The Company expects the BlackBerry 10 OS will transition the organization from mobile communications into true mobile computing and will power BlackBerry

smartphones, tablets and embedded solutions such as those found in advanced automotive electronics, including entertainment, communications and navigation applications.

[Emphasis Added]

41. The Form 40-F also included a section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that included the following statements:

- The Company expects that with the introduction of BlackBerry 10 smartphones, which began in certain markets in the fourth quarter of fiscal 2013 and will continue in the first quarter of fiscal 2014, its position in the BYOD enterprise market will strengthen and the Company will also continue to seek partnerships that will further enable the Company to have a complete BYOD offering.
- The Company is in the ongoing process of completing the largest platform and organizational transition in its history, with a view to better position the Company to achieve growth and to continue to be a leading company in the wireless communications industry. The Company’s fiscal 2013 results reflect the product and platform transition underway.
- During fiscal 2013, the Company also implemented major changes throughout the organization, which it believes have made the Company leaner and more nimble and are intended to provide a solid foundation for continued innovation and execution.

42. Defendants’ statements made in the March 28, 2013 Form 40-F were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that: a) the BlackBerry 10 would help re-establish the Company as “a leading mobile computing organization”; b) BlackBerry 10 would “strengthen” the Company’s position “to achieve growth and be a leading company in the wireless communications industry”; and, c) the Company’s changes had “provide[d] a solid foundation for continued innovation and execution.”

43. The Company also filed a press release on March 28, 2013 announcing that the Company had reported its fourth quarter and year-end results for fiscal 2013. The press release included the following statement from Defendant Heins:

“We have implemented numerous changes at BlackBerry over the past year and those changes have resulted in the Company returning to profitability in the fourth quarter,” said Thorsten Hein, President and CEO. “With the launch of BlackBerry 10, we have introduce the newest and what we believe to be the most innovative mobile computing platform in the market today. Customers love the device and the user experience, and our teams and partners are now focused on getting those devices into the hands of BlackBerry consumer and enterprise customers.”

Heins added, “As we go into our new fiscal year, we are excited with the opportunities for the BlackBerry 10 platform, and the commitments we are seeing from our global developers and partners. We are also excited about the new, dynamic culture at BlackBerry where we are laser-focused on continuing to drive efficiency and improve the Company’s profitability while driving innovation. We have built an engine that is able to drive improved financial performance at lower volumes, which should allow us to generate additional benefits from higher volumes in the future.”

44. Defendant Heins’ statements made in the March 28, 2013 6-K were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that the Company was on the road to recovery, and specifically that the BlackBerry 10 platform was received I well by the public and driving profitability for BlackBerry.

45. BlackBerry also held an earnings call on March 28, 2013 on which Defendant Heins discussed the state of the Company. Specifically, Heins stated:

- BlackBerry has gone through a major and exciting transformation this year, and it has been exciting. It was a year for change and we delivered significant positive change. So let me recap what we have accomplished in the first days of our transition, which has enabled us to return to an operating profit this quarter and given us great momentum as we go into fiscal ‘14.
- Over the past year, we have also regained the confidence and excitement of our carrier distribution partners with the introducing of the amazing BlackBerry 10

platform for consumers and enterprises. The Blackberry 10 platform has been worth the wait.

- And finally, our financial transformation over the past 12 months has been outstanding. To say it was a very challenging environment to deliver improved financial results could well be the understatement of the year. In the face of numerous challenges this past year, Blackberry has gone from a significant operating loss in the first quarter of the year to an operating profit in the fourth quarter.
- To recap, we started the year with a GAAP loss of \$518 million and an adjusted operating loss of \$192 million. And here we are, three quarters later, after implementing all these numerous changes and benefitting from a reenergized organization. We returned Blackberry to an operating profit despite a 26% decline in units shipped versus the first quarter. That said, in terms of financial strength, we are very well-positioned.
- We've made great progress, and we're proud of it.
- As mentioned at our launch in January, availability of Q10 will commence in April. The initial early global demand for the 10 has been better than anticipated, and our recent announcement of the largest single purchase order in our history, for 1 million units, is also indicative of a strong initial support and demand.
- We have significantly transformed the company over this period, and today we have an exciting new mobile computing platform. We are profitable, and we have a healthy balance sheet. We are looking to leverage the early success of Blackberry 10 and our strategic review initiatives will be intensifying their focus on opportunities in mobile computing verticals such as automotive, industrial, networking, healthcare, security, and defense, leveraging our secure network infrastructures for uses beyond those currently deployed by Blackberry and potential licensing opportunities.
- This is a very exciting time to be a part of Blackberry, and I want to thank our employees for the amazing job they have done in the transition accomplished to date. And I would also like to thank our loyal customers, partners, and developers for the passionate support of the communities where we operate. You have also been huge contributors to our turnaround.

46. Defendant Heins' statements made during the March 28, 2013 earnings call were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that the Company was on the road to recovery, making "great

progress," and specifically that the BlackBerry 10 platform was leading the Company towards stronger financial results and profit.

47. On April 12, 2013, BlackBerry filed a press release on Form 6-K addressing claims from the research and investment firm Detwiler Fenton that BlackBerry Z10 phones were being returned in unusually high numbers:

“Sales of the BlackBerry Z10 are meeting expectations and the data we have collected from our retail and carrier partners demonstrates that customers are satisfied with their devices,” said BlackBerry President and CEO Thorsten Heins. “Return rate statistics show that we are at or below our forecasts and right in line with the industry. To suggest otherwise is either a gross misreading of the data or a willful manipulation. Such a conclusion is absolutely without basis and BlackBerry will not leave it unchallenged.”

\* \* \*

BlackBerry Chief Legal Officer Steve Zipperstein said: “These materially false and misleading comments about device return rates in the United States harm BlackBerry and our shareholders, and we call upon the appropriate authorities in Canada and the United States to conduct an immediate investigation. Everyone is entitled to their opinion about the merits of the many competing products in the smartphone industry, but when false statements of material fact are deliberately purveyed for the purpose of influencing the markets a red line has been crossed.”

48. Defendants' statements made in the April 12, 2013 6-K were materially false and misleading when made because Defendants knowingly and/or recklessly misrepresented that the BlackBerry 10 smartphones were received well by the public.

49. On June 28, 2013, the Company filed its financial results for the quarter ending June 1, 2013 on Form 6-K. The filing included a section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations that included the following statements:

- Throughout the remainder of fiscal 2014, the Company will invest in BlackBerry 10 smartphone launches, and the roll out of BlackBerry Enterprise Service

(“BES”) 10, to continue to establish the new BlackBerry 10 platform in the marketplace.

- The Company expects that with the introduction of BlackBerry 10 smartphones, which began in certain markets in the fourth quarter of fiscal 2013 and continued in the first quarter of fiscal 2014, its position in the BYOD enterprise market will strengthen and the Company will also continue to seek partnerships that will further enable the Company to have a complete BYOD offering.

50. BlackBerry’s statements made in the June 28, 2013 6-K were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that the BlackBerry 10 would strengthen the Company’s position in the wireless communication marketplace when it had not been received well by the market.

51. The Company also held an earnings call on June 28, 2013 regarding its first quarter fiscal 2014 results. CEO Heins made the following statements on the call:

- We are five months into our platform transformation that we anticipate will drive future smartphone devices, greater enterprise efficiencies, and new mobile computing opportunities for many years to come.
- The BlackBerry 10 smartphone portfolio is just starting to fill out. We’re only five months in, and have since achieved significant numbers of technical acceptances globally.
- The BlackBerry Z10 has been an effective launch product to showcase the renewed and reengineered BlackBerry 10 experience to both consumers and enterprises.
- And another way we look at, the strong interest in BES 10 is by vertical markets, which demonstrates the broad enterprise appeal of our platform.
- The fourth piece I want to discuss is financial strength, which remains a key asset during our transition year. Strong products alone are not good enough to ensure solid long term turnaround, so we have been intensely focused on maintaining a strong balance sheet and delivering efficiency.
- We will continue to focus on our financial strength and believe we are well-positioned to continue to invest in our platform and compete in a highly competitive market.

- In terms of our outlook, this is an exciting and important transition year for the company. We are still early in our launch cycle, and have yet to see all BlackBerry 10 products and full deployment of BES 10 contribute to revenue.
- As we work towards our products and service launches throughout this year, I view fiscal 14 as our year of investment, where we will look to position ourselves appropriately for sustained growth in fiscal year 15.
- The decisions we make are particularly important to us this year, given that the changes in investment we implement will be the foundation for innovation, quality, cost base and growth of BlackBerry 10 in the coming years.
- BlackBerry has made a lot of steady progress in the past year. Just one year ago, the world was totally different, not only for BlackBerry, but for the whole smartphone industry. Things change quickly in our industry, and we have embraced the concept of change and agility, and this has allowed us to move forward quite dramatically.
- Let's remember, one year ago none of these products existed, and today they are just launching, and have been well-received, because of the performance and quality of BlackBerry 10. It has been very exciting and challenging for our teams, and we are looking forward to the next stage of our transition this year.
- With strong and steady execution, we will be able to capitalize on what we have created over the past year. We are one year smarter, one year tougher, and one year more successful than we were at this call last year. And we are confident in the ongoing success of our transformation in the coming year.

52. Defendant Heins' statements, made during the June 28, 2013 earnings call were materially false and misleading when made because, among other things, Defendants knowingly and/or recklessly misrepresented that: a) the BlackBerry 10 launch was "effective" given that it was not well received by the market; b) that the Company had made "steady progress in the past year;" and, c) that the Company was on the road to recovery, when in fact, the Company was in , worse shape than the previous year.

53. On August 12, 2013 the Company issued a press release filed on Form 6-K with the SEC announcing that BlackBerry's Board of Directors was exploring strategic alternatives. The press release included the following statement from Defendant Heins:

“We continue to see compelling long -term opportunities for BlackBerry 10, we have exceptional technology that customers are embracing, we have a strong balance sheet and we are pleased with the progress that has been made in our transition. As the Special Committee focuses on exploring alternatives, we will be continuing with our strategy of reducing cost, driving efficiency and accelerating the deployment of BES 10, as well as driving adoption of BlackBerry 10 smartphones, launching the multi-platform BBM social messaging service, and pursuing mobile computing opportunities by leveraging the secure and reliable BlackBerry Global Data Network.”

54. Defendant Heins’ statements included in the August 12, 2013 6-K were materially false and misleading when made because, I among other things, Defendants knowingly and/or recklessly misrepresented that the BlackBerry 10 smartphone launch was successful and had “compelling long-term opportunities,” and that the Company had made progress as a result of the BlackBerry 10.

**THE TRUTH IS REVEALED**

55. On September 20, 2013 the truth emerged when BlackBerry issued a press release in which the Company announced its preliminary second quarter fiscal 2014 results.

56. Specifically, BlackBerry disclosed that:

*[The Company] expects to report a primarily non-cash, pre-tax charge against inventory and supply commitments in the second quarter of approximately \$930 million to \$960 million, which is primarily attributable to BlackBerry Z10 devices.*

*The current quarter will also include a pre-tax restructuring charge in the approximate amount of \$72 million reflecting ongoing cost efficiency initiatives.*

\* \* \*

As part of the Company’s focus on enhancing its financial results, and in response to the increasing competition in the smartphone market, BlackBerry also announced plans to transition its future smartphone portfolio from six devices to four. The portfolio will focus on enterprise and prosumer-centric targeted devices, including 2 high-end devices and 2 entry-level devices in all-touch and QWERTY models. With the launch of

the BlackBerry Z30 - the next generation high-tier smartphone built on the BlackBerry 10 platform -- this week, the Company will re-tier the BlackBerry Z10 smartphone to make it available to a broader, entry-level audience. At the same time, the Special Committee of the Company's Board of Directors "continues to evaluate all strategic alternatives for the Company.

Furthermore, the Company also announced that it is targeting an approximate 50% reduction in operating expenditures by the end of the first quarter of Fiscal 2015. *As part of this, BlackBerry will implement a workforce reduction of approximately 4,500 positions or approximately 40% of the Company's global workforce resulting in a total workforce of approximately 7,000 full-time global employees.*

Thorsten Heins, President and Chief Executive Officer of BlackBerry said, "We are implementing the difficult, but necessary operational changes announced today to address our position in a maturing and more competitive industry, and to drive the company toward profitability. Going forward, we plan to refocus our offering on our end-to-end solution of hardware, software and services for enterprises and the productive, professional end user. This puts us squarely on target with the customers that help build BlackBerry into the leading brand today for enterprise security, manageability and reliability."

[Emphasis added.]

57. As a result of the foregoing disclosure, BlackBerry's stock plummeted from a closing price of \$10.52 per share on September 19, 2013 to a close of \$8.73 per share on Friday, September 20, 2013, after experiencing an intra-day low of \$8.19, on heavy trading volume. The value of BlackBerry stock continued to slide on heavy trading volume over the next few days as investors digested the bad news, and closed at \$8.01 on September 25, 2013.

#### **POST -CLASS PERIOD DEVELOPMENTS**

58. On Monday, September 23, 2013, the next trading day following BlackBerry's announcement of its \$1 billion BlackBerry 10 charge and the layoffs of 4,500 employees, BlackBerry announced that it entered into a letter of intent agreement under which a consortium led by Fairfax Financial Holdings Limited would acquire BlackBerry. Pursuant to the proposed

transaction, BlackBerry shareholders would receive \$9.00 in cash for each share of BlackBerry held.

59. Then, on October 1, 2013, BlackBerry filed its financial information for the six months ended August 31, 2013 on Form 6- with the SEC, which noted that the Company was in even worse financial shape than previously reported. In light of the 4,500 employee reduction, the October 1, 2013 Form 6-K indicated that the Company's cost optimization program would incur \$400 million in charges, which is four times the \$100 million in charges BlackBerry had projected in the first quarter of fiscal 2014.

#### **PLAINTIFF' CLASS ACTION ALLEGATIONS**

60. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired BlackBerry securities during the Class Period (the "Class"); and were damaged thereby. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

61. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, BlackBerry securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by BlackBerry or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

62. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

63. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

64. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of BlackBerry;
- whether the Individual Defendants caused BlackBerry to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of BlackBerry securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

65. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually

redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

66. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- BlackBerry securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased and/or sold BlackBerry securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

67. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

### **CLAIMS FOR RELIEF**

#### **COUNT I** **(For Violations of §10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants-BlackBerry, Heins, and Bidulka)**

68. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

69. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, through out the Class Period, did: (a) deceive the investing

public regarding BlackBerry's business, operations, management and the intrinsic value of BlackBerry securities; (b) enable Defendant to inflate and maintain the artificial inflation in the price of Company stock throughout the Class Period; and (c) cause Plaintiff and other members of the Class to purchase BlackBerry securities at artificially inflated prices, resulting in damages after the truth was revealed and the artificial inflation was removed from the price of the stock. In furtherance of this unlawful scheme, plan, and course of conduct, Defendants, jointly and individually (and each of them) took the actions set forth herein.

70. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engage in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for BlackBerry' s securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. Defendants are sued as primary participants in the wrongful and illegal conduct charged herein and as controlling persons as alleged below.

71. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of BlackBerry as specified herein.

72. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of BlackBerry's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material

facts necessary in order to make the statements made about BlackBerry and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of BlackBerry securities during the Class Period.

73. Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts. Such Defendants' material misrepresentations and/or omissions were done knowingly or with reckless disregard for the purpose and effect of concealing BlackBerry's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' material misstatements and omissions of the Company's business and operations throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by recklessly refraining from taking those steps necessary to discover whether those statements were false or misleading.

74. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of BlackBerry's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of BlackBerry's publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity or the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements

by Defendants during the Class Period, Plaintiff and the other members of the Class acquired BlackBerry securities during the Class Period at artificially high prices and were damaged after the truth regarding the Company was revealed, which removed the artificial inflation from BlackBerry's stock.

75. Defendants Heins and Bidulka's primary liability arises from the following facts:

- (a) Defendants Heins and Bidulka were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof;
- (b) both of these Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company were privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports;
- (c) both of these Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances and operations at all relevant times; and
- (d) both of these Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

76. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for BlackBerry publicly traded securities. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that BlackBerry was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their BlackBerry securities, or, if they had

acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

77. By virtue of the foregoing Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

78. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases of the Company's securities during the Class Period.

**COUNT II**  
**(For Violations of §20(a) of the Exchange Act  
against Individual Defendants Heins and Bidulka)**

79. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

80. Defendants Heins and Bidulka acted as controlling persons of BlackBerry within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Defendants Heins and Bidulka had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contend are false and misleading. Defendants Heins and Bidulka were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

81. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

82. As set forth above, BlackBerry and Defendants Heins and Bidulka each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, Defendants Heins and Bidulka are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants Heins and Bidulka's wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period and the related damages resulting after the true facts were revealed and the artificial inflation was removed from the price of the stock.

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

83. Determining that this action is a proper class action, certifying Plaintiff as Class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

84. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

85. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

86. Awarding extraordinary, equitable and/or injunctive relief as permitted by law, equity and the federal statutory provisions sued hereunder; and

87. Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: October 8, 2013

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**Certification of Plaintiff**  
**Pursuant to Federal Securities Laws**

1. I, Ben Kohanim, make this declaration pursuant to Section 101 of the Private Securities Litigation Reform Act of 1995 as required by Section 21D (a) (2) of Title I of the Securities Exchange Act of 1934.

2. I have reviewed a Complaint against BlackBerry Limited. ("BlackBerry"), and authorize a filing of a comparable complaint on my behalf.

3. I did not purchase my BlackBerry securities at the direction of plaintiffs' counsel or in order to participate in any private action arising under Title I of the Securities Exchange Act of 1934.

4. I am willing to serve as a representative party on behalf of a class as set forth in the Complaint, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.

5. To the best of my current knowledge, the attached sheet lists all of my purchases and sales in BlackBerry securities during the Class Period as specified in the Complaint.

6. During the three-year period preceding the date on which this certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws, except as follows:

7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

8. The matters stated in this declaration are true to the best of my current knowledge, information and belief.

I declare under penalty or perjury that the foregoing is true and correct.

Executed 10/8/2013  
(Date)

Benjamin Rohanim  
(Signature)  
Benjamin Rohanim  
(Type or Print Name)

Summary of Purchases and Sales

